

Message Text

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PAGE 01 CANBER 02571 070518Z
ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 IO-13 NEA-10 ICA-11
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R 070425Z APR 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 2897
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY DUBLIN
AMEMBASSY COPENHAGEN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMCONSUL MELBOURNE
AMEMBASSY PARIS
AMEMBASSY PORT MORESBY
AMEMBASSY ROME
AMCONSUL SYDNEY
AMEMBASSY THE HAGUE
AMEMBASSY WELLINGTON

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EO 11652: NA
TAGS: BEXP, EAGR, EGEN, ETRD, EFIN, MTN, NL, AS
SUBJECT: AUSTRALIAN DECIDES TO TALK TOUGH TO THE EUROPEAN COMMUNITIES

1. DUTCH NUMBER TWO ROBERT TESCH, CALLED TODAY ON THE DCM
AND PROVIDED HIM WITH A (BOOTLEGGED) COPY OF AN APRIL 6,
1978 AUSTRALIAN DEPARTMENT OF THE SPECIAL TRADE REPRESENTA-
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PAGE 02 CANBER 02571 070518Z

TIVE (STR) PAPER ON THE GOA'S FORTHCOMING POSTURE IN
DISCUSSIONS WITH THE EUROPEAN COMMUNITIES BY MINISTER FOR
SPECIAL TRADE REPRESENTATIONS, THE HONORABLE R.V. GARLAND, M.P.

2. THE PAPER READS AS FOLLOWS:

"THE GOVERNMENT HAS GIVEN CONSIDERATION TO NEGOTIATIONS

WITH THE EUROPEAN COMMUNITIES.

"THE GOVERNMENT HAS AGREED THAT THE STRONGEST POSSIBLE STANCE SHOULD BE TAKEN IN NEGOTIATIONS WITH THE EC AND HAS AUTHORIZED THE MINISTER FOR STR TO INDICATE DURING HIS COMING VISIT TO THE EC: THAT AUSTRALIA CANNOT ACCEPT THE CONTINUATION OF THE PRESENT SITUATION; THAT COOPERATIVE BILATERAL EFFORTS ARE ESSENTIAL FOR SATISFACTORY SOLUTIONS TO PROBLEMS; AND THAT WITHOUT SUCH SOLUTIONS THE EC WILL PUT AUSTRALIA IN AN EXTRAORDINARILY DIFFICULT POSITION AND FORCE IT TO RE-EXAMINE THE BASIS OF ITS TRADING POLICIES.

"THE GOVERNMENT ALSO AUTHORIZED THE MINISTER TO SAY THAT REAL PROGRESS IN DEALING WITH OUR GENERAL PROBLEMS COULD BE DECISIVE IN THE GOVERNMENT'S CONSIDERATION OF THE FUTURE OF IMPORT RESTRICTIONS ON BRANDY; THAT CERTAIN AGRICULTURAL PRODUCTS (CHEESE AND PROCESSED FOODS CONTAINING SUGAR) WHICH ARE EXPORTED UNDER HEAVY SUBSIDY CREATE PROBLEMS FOR AUSTRALIAN INDUSTRIES AND THE GOVERNMENT IS INSTITUTING INQUIRIES WITH A VIEW TO POSSIBLE ANTI-DUMPING ACTION; THAT IT WILL BE DIFFICULT FOR EC SUPPLIERS TO ARGUE PERSUASIVELY FOR CONSIDRATION OF THEIR PRODUCTS IN MAJOR GOVERNMENT PURCHASES (E.G. DEFENSE AND TRANSPORT EQUIPMENT) UNLESS THERE IS MEANINGFUL AND SUBSTANTIAL PROGRESS ON THE PROPOSALS IN THE AUSTRALIAN NOTE OF 27 OCTOBER; AND THAT THE WELL ESTABLISHED OFFSETS PROCEDURE (WHICH RELATES TO LIMITED OFFICIAL USE

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PAGE 03 CANBER 02571 070518Z

AUSTRALIAN INDUSTRY AND IS BASED ON SPECIFIC CONTRACTS) IS TO BE ADDED TO BY ATTACHING THE MAXIMUM POSSIBLE WEIGHT TO PROPOSALS BY GOVERNMENTS WHICH OFFER OFFSET ADVANTAGES FOR AUSTRALIAN EXPORTS PARTICULARLY AGRICULTURAL PRODUCTS."

3. COMMENT: PESCH WAS VERY UPSET DURING HIS DISCUSSIONS WITH US; (AS IS KNOWN IN DEPARTMENT AND THE HAGUE, PESCH CAME TO CANBERRA FROM FOUR YEARS IN THE HAGUE WORKING ON EEC MATTERS) AND COMMENTED THAT HE COULD NOT UNDERSTAND WHY THE AUSTRALIANS ARE SO DETERMINED TO TAKE SUCH A TOUGH POSTURE WITH THE EUROPEAN ECONOMIC COMMUNITY. ENSUING DISCUSSION SUGGESTED THAT THIS, IN PART, IS BECAUSE THEY BELIEVE THEY HAVE DONE ABOUT ALL THEY CAN AT THIS JUNCTURE IN THE U.S. MARKET; THEY ARE DOING ALL THEY CAN IN THE MIDDLE EAST WHERE THEY ARE NOW IN CONSIDERABLE DOMESTIC LABOR TROUBLE ON SHEEP SHIPMENTS TO SAUDI ARABIA, KUWAIT AND IRAN (CANBERRA 2519) AND HAVE NO EXPECTATIONS OF ANY BILATERAL DISCUSSIONS DURING PRIME MINISTER FRASER'S TRIP TO JAPAN APRIL 18-21 (CANBERRA 02501). ON THE OTHER HAND STR GARLAND IS SEEN AS HAVING TO MAKE A REAL COLLEGE TRY PARTICULARLY IN THE LIGHT OF THE STRONG CRITICISM OF THE GOVERNMENT DURING PARLIAMENTARY DEBATE KICKED OFF, IN PART, BY THE PRIME MINISTER'S ANNOUNCEMENT OF

HIS FORTHCOMING TRIP TO JAPAN (CANBERRA 02476; AND 2501).

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